

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House
(317) 232-9855

FISCAL IMPACT STATEMENT

LS 6745

BILL NUMBER: HB 1961

DATE PREPARED: Jan 17, 2001

BILL AMENDED:

SUBJECT: Eligibility of SSI Recipient for Medicaid.

FISCAL ANALYST: Alan Gossard

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FUNDS AFFECTED: X GENERAL
DEDICATED
X FEDERAL

IMPACT: State

Summary of Legislation: This bill provides that an individual who is receiving monthly assistance payments for the aged, blind, or disabled under the federal Supplemental Security Income (SSI) program and who meets the state's income and resource standards is eligible for Medicaid. (Under current law, an individual receiving SSI disability payments must also meet the state's definition of disability.)

Effective Date: July 1, 2001.

Explanation of State Expenditures: This bill will increase the state cost of providing Medicaid services to disabled individuals. The Office of Medicaid Policy and Planning (OMPP) estimates the increased costs that will be incurred on an annual basis due to the change in eligibility criteria to be about \$106 M in state dollars. There also are expected to be some administrative savings associated with eligibility determination that are not estimated at this time.

Background: Currently, about 55,000 of the 81,000 SSI recipients in Indiana are receiving Medicaid services. The additional cost of this bill is a result of more SSI recipients that are likely to be determined eligible for Medicaid services. Indiana, as a 209(b) state under federal regulations, is one of at least two states in the nation that has a medical definition for disability, as well as financial criteria, that are more restrictive than SSI. In most other states, eligibility for SSI implies automatic eligibility for Medicaid. However, current Indiana statute provides that an SSI recipient, in order to be eligible for Medicaid services, must have a physical or mental impairment or disease that appears reasonably certain to continue for at least four years (SEA 79-2000, effective 1/1/2001). This bill would provide Medicaid for an individual who receives assistance under SSI and meets the income and resource requirements established by OMPP. This effectively makes the criteria for Medicaid eligibility less restrictive by requiring the disability to be reasonably certain to last for a continuous period of at least one year, the same as with SSI.

Based on 26,000 potential new eligibles (81,000 - 55,000 from above), less 700 SSI recipients estimated to

be ineligible due to financial criteria, an additional 3,200 individuals due to retroactive coverage, and subtracting off 5,500 SSI recipients estimated to be made eligible for Medicaid due to the passage of SEA 79-2000, OMPP estimates potentially 23,000 SSI eligibles that may now become eligible for Medicaid. OMPP projects the average annual Medicaid cost per disabled individual to be \$12,144. Total new annual costs are projected to be \$279 M with federal reimbursement of \$173 M. The state share would be \$106 M annually. State share of Medicaid costs are about 38% for program expenditures and 50% for administrative expenditures. [This represents a preliminary estimate as OMPP is attempting to obtain more recent data.]

Associated with the increased provision of health care services through the Medicaid program is some potential reduction in future expenditures by other payors such as hospital charity care, township Poor Relief, and potential cost-shifts from the private-pay market. However, the amount of expenditure reduction that would be attributable to the provisions in this bill is not known.

Explanation of State Revenues: This bill's impact on Medicaid program expenditures are cost-shared with the federal government and will impact the amount of revenue which Indiana receives from the federal government as noted above.

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: Office of Medicaid Policy and Planning.

Local Agencies Affected:

Information Sources: Kathy Gifford, Office of Medicaid Policy and Planning, 233-4455.